



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

THE CHAIRMAN

May 7, 2002

The Honorable W.J. "Billy" Tauzin
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515-6115

Dear Chairman Tauzin:

I am writing to follow-up on our telephone call today about my recent meeting with the new chairman of KPMG. As we discussed, I am setting forth the details relating to that meeting.

Shortly after Eugene O'Kelly was elected chairman of KPMG, his office contacted my Confidential Assistant, Phyllis Somers, to arrange a meeting when Mr. O'Kelly was to be in Washington. Mr. O'Kelly and I had never met, and I believe it is important for public investors that I meet with the leaders of firms we regulate. In arranging the meeting, both my Confidential Assistant and Chief of Staff, Mark Radke, received express assurances that there would not be any other agenda items beyond a standard "meet-and-greet." Both were told by Mr. O'Kelly's office that this was to be a relatively brief meeting solely for the two of us to make the other's acquaintance.

On April 26 I met with Mr. O'Kelly and was joined in the meeting by my Chief of Staff. The meeting was relatively brief – approximately 10 minutes – and at no time was there any discussion of Xerox or any other enforcement matters at the SEC. I considered the meeting unremarkable until I read in the press about a memorandum apparently sent by Mr. O'Kelly to KPMG staff that purported to recount the substance of part of our meeting. Again, both my Chief of Staff and I are certain that there was no discussion of any SEC enforcement matters.

Moreover, in this instance, as I mentioned to you, I am recused from any matters involving KPMG that may come before the Commission. As a result, even if Mr. O'Kelly had wanted to discuss a pending enforcement matter, it would have been a useless effort, since I do not participate in the conduct of any pending enforcement matters, and especially those from which I am recused.

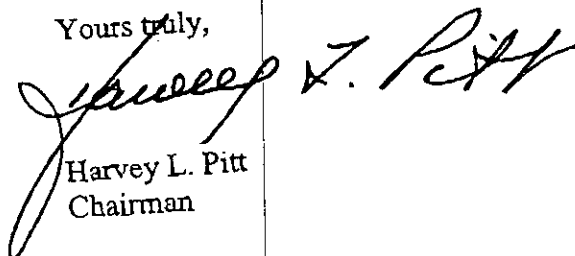
The Honorable W.J. "Billy" Tauzin
Page 2

In conducting the business of the Commission, I follow the guidelines contained in the agency's ethics manual, which seek to strike a balance between a Commissioner's duty to seek out, and be open to, all points of view in considering rulemaking and policy decisions, and the obligation to avoid both general, and specific, conflicts of interest.

Although my meeting with Mr. Kelly was perfectly benign, in light of the concerns it has engendered, I have concluded that, in instances where a company or firm is under investigation by the Commission, I will do my utmost to avoid even the appearance of impropriety in instances where such meetings could be misconstrued.

Chairman Tauzin, I appreciate your willingness to discuss this matter and hope that I have addressed any issues that were of concern. If I can provide you with any additional information, or be of additional service, please do not hesitate to call upon me.

Yours truly,

A handwritten signature in dark ink, appearing to read "Harvey L. Pitt". The signature is stylized with a large, sweeping initial "H" and a long, horizontal stroke extending to the right.

Harvey L. Pitt
Chairman

cc: The Honorable John D. Dingell